

Christine Joyce

From: Paulina Knibbe [p.knibbe@comcast.net]
Sent: Thursday, December 17, 2009 1:07 PM
To: Manager Department
Cc: Terra Friedrichs
Subject: [Fwd: Re: BoS memo, draft]

12/21/09
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Please include the attached document in the materials for the 'budget' item.

Paulina

----- Original Message -----

Subject: Re: BoS memo, draft
Date: Tue, 15 Dec 2009 17:31:15 -0500
From: Terra Friedrichs <terraf@compuserve.com>
To: mabashton@aol.com
CC: p.knibbe@comcast.net
References: <82d8.f63bf56.3859622e@aol.com>

Mary Ann,

Here's the final draft. I just incorporated Lauren's comments. She wanted to shorten it to 5 items based on the notes that I took and not include the backup notes, but I opted not to, because I don't trust my handwritten notes and I don't have time to go back over the tape and transcribe it. In other words, I do not believe that simply "counting" the number of times that I noted a mention is sufficient to adequately assess a "tally". Perhaps at our next meeting, we can have an official vote, if the Task Force would like us to. Of course, it will be up to Paulina (who sets the agenda) as to whether we have time to do that or not.

Terra

-----Original Message-----

From: mabashton@aol.com
To: terraf@compuserve.com
Cc: p.knibbe@comcast.net
Sent: Tue, Dec 15, 2009 5:05 pm
Subject: Re: BoS memo, draft

Hello Terra,

There will be five of us at the meeting tonight, so if you want to bring copies, that would be great. Otherwise, I'd maybe suggest e-mailing the document when it's ready, and then bring one or two copies that we can share at the meeting.

12/17/2009

Thank you, and see you later,
Mary Ann

In a message dated 12/15/2009 4:19:39 P.M. Eastern Standard Time,
terraf@compuserve.com writes:
Mary Ann,

Attached is the current version of the draft memo summarizing the BoS
discussion from the other night.

Lauren wanted one more look at it before I sent this "formally". But
she's not in her office and can't look at it til she gets back. So I'm
sending it on, so you can see it as you prepare for the meeting. There
probably won't be many changes after she reviews it today. She's
reviewed it already and provided me additional edits, which I've
incorporated today. But if you plan on sending it to the others, or
printing it out, let's wait for a bit and see if she can review it.

But keep in mind, this version is "pre-review" by the BoS "as a whole",
so it's going to still be draft even after Lauren looks at it today.

If you want me to print out copies for the meeting, I can do so. If
so, please tell me how many.

Terra

12/17/2009

To: Mary Ann
From: Terra
Subject: Cost Savings Task Force
12/15/09

Mary Ann,

The Board of Selectmen reviewed the list of 41 priority items at its last meeting with the goal of providing the TaskForce its impressions. Our goal is to narrow the list, as a group, but to also provide you our individual impressions, in case this helps the TaskForce. This is a draft memo, until the Board gets a chance to review it as a group at its next meeting. We provide here a summarized list of our priorities. Below is the backup materials from the meeting, from hand-written notes (not transcribed from tape). The notes have been reviewed by Paulina, Terra, and Lauren. Mike can speak for himself at the meeting tonight.

Summary List:

Widespread Support. There is widespread support on the Board of Selectmen for investigating continuing the following cost savings initiatives (in numerical order):

- #3 - Continuing to freeze non-union salaries
- #9 - Continuing the hiring freeze
- #22 - Evaluate overlay account for possible surplus
- #24 - Increase commuter lot parking fees
- #25 - Increase all fees on regular, uniform, predictable basis (and cover "costs", define "all costs")
- #27, #33 - Combine Community Education and Recreation / Make Rec Dept self-funding
- #28 - Review school and town back office functions to see if combining, other streamlining opportunities exist
- #29 - Regionalization Opportunities
- #34 - Shift additional functions out of operating budgets to revolving, enterprise funds
- #38 - Reduce town/ schools print and mailing 80% - email items

Limited Interest. In addition, there is limited interest in the following (numerical order)

- #14 - Attrition policy (in concert with long"er" term hiring freeze, define potential for "longer term")
- #20 - Review of overtime for police and fire
- #32 - Close Town Hall one day / half day
- #36 - Move employee day to NARA

The Board suggests that the Cost Savings task force create business cases for the items that are not already being done, such as:

Long term impact:

#28 - Review school and town back office functions to see if combining, other streamlining opportunities exist

#29 - Regionalization Opportunities (K - 12 is a school issue; Dispatch/Police are town)

#34 - Shift additional functions out of operating budgets to revolving, enterprise funds

Short term impact:

#22 - Evaluate overlay account for possible surplus

#24, #25 - Increase parking fees, Increasing fees regularly

#27, #33 - Combine Community Education and Recreation / Make Rec Dept self-funding

#38 - Reduce town/ schools print and mailing 80% - email items

Some cost savings strategies that are priority for the Board of Selectmen to do (or continue doing) are not priorities for the Cost Savings taskforce to study. Partly because we are already doing them and partly because the task force is not in a position to add value to the analysis and work that is already occurring in those areas. The task force should focus on the areas where they can do analysis that doesn't duplicate work that is already occurring.

Background detail, and afternotes:

+ Priorities mentioned (in numerical order, not prioritized):

- * 3 - Freeze all non-union salaries: Peter, Terra, Lauren (with reservations) Paulina noted afterwards that we are already doing this (this year) so it shouldn't be a priority for the task force to study. Terra suggests that the point might be "how long" to freeze salaries.
- * 9 - Institute hiring freeze: Paulina, Terra, Paulina noted afterwards that we are already doing this so it shouldn't be a priority for the task force to study. Terra suggests that it's important to determine "how long" to have a hiring freeze and what the impacts might be and whether we might want to plan for this long term.
- 14 - Attrition Policy: Terra
- 20 - Overtime, Police & Fire: Lauren, Terra (both mentioned incentives)
- 22 - Overlay account: Peter, Lauren
- * 24 - Increase parking fees: (linked to #34, #25)
- * 25 - Increase fees regularly: Paulina, Terra, Mike
- * 27 - Combine Rec/Comm Ed: Terra, Mike, Paulina (focus on backoffice, linked to #28, see concerns)
- * 28 - Town/School Backoffice Consolidation Terra, Mike (linked to #27)
- * 29 - Regionalization: Paulina, Terra
- 32 - Close Town Hall one day/half day: Peter
- * 34 - Shift to enterprise funds: Paulina, Terra, Lauren (linked to 24)
- 36 - Employee Day/NARA: Peter, see notes below. This may not be worth having the FinCom group study this.
- * 38 - Reduce print mail: Peter, Lauren, Paulina, Terra

+ Accompanying Notes on Specific Items:

General Comments:

3 - Freeze all non-union salaries

There appears to be "general support" for this, but Lauren has concern for those people that have topped the salary range. . Terra noted that she is getting a lot of feedback from the public that we shouldn't "budget for raises", that raises are not entitlements, and that all we should budget for is COLA.

Paulina noted afterwards that we are already doing this so it shouldn't be a priority for the task force to study. Terra suggests that the point might be "how long" to freeze salaries and what the impacts might be to plan for this long term and are they worth studying.

9 - Institute hiring freeze

There appears to be "general support" for a hiring freeze, but it's not clear "how long" people want a hiring freeze.

Terra recommended that "staffing-quantity" items be studied together by those with specialized project management/HR expertise to determine what tasks/services we are currently provided in each department. And to structure policy questions for BoS/SC to vote on. She said that this is common in organizational consulting practices. And that it has to be done methodologically, if we decide we want to reduce total number of staff "gracefully".

Paulina noted afterwards that we have already frozen hiring so it shouldn't be a priority for the task force to study. Terra notes that the current policy is a one year policy and suggests that she thinks it's important to determine "how long" to have a hiring freeze and what the impacts might be and whether we might want to plan for this long term. She pointed out afterwards, that if we can save \$400,000/year, that it might be worth seeing "if" we can do this longer term.

14 - Implement attrition policy

Terra, in the drafting of the original draft memo, grouped this item with "hiring freeze", above, because to implement a hiring freeze long term, one has to determine what to do about attrition. Paulina noted in the drafting of the memo, that it may not be appropriate to 'group' this with the hiring freeze. She said that she doesn't believe there is general support for an attrition policy. Attrition is a mechanism to achieve personnel reduction and needs to be considered in the context of the positions that empty. Terra added after separating the two items that to determine the impacts of not replacing people as they

leave, unless we need to also study at the same time, the impacts of a long term hiring freeze. She noted that the impact of implementing BOTH a long term hiring freeze AND doing so without replacing exiting staff, that this could double or triple the savings, if, for example, the exiting staff are highly paid executives. She noted...could be a lot of sidewalks.

20 - Overtime, Police & Fire

Terra suggested offering an incentive to police/fire personnel so that if they take time off during hours that can be staffed by "regular time" staff, that they could share in the savings. Lauren would like the cost savings committee to look into any ways we might save overtime costs, if they were done by providing incentives. After the meeting, she added that it might be worth looking at health and fitness incentives to reduce sick time and reduce injuries, so overtime people would not have to fill in. She also noted, after the meeting, that the need to pay overtime workers to take a shift for existing workers has been going down for both fire and police for other reasons. So it may already be addressed.

22 - Overlay account

Discussion included that the bulk of the benefit may be "one time".

24 - Increase parking fees: Terra, Paulina (linked to #34)

There seems to be "general support" for this. More than one person spoke to the importance of covering "all" costs, not just those that might be apparent. For parking, those might include police patrols, parking lot maintenance, road maintenance contribution, etc.

Terra noted that she didn't want to use all existing or new revenues for "new services" such as a shuttle, but wants the new revenue to fund costs that we already have. Lauren expressed concern about reducing the incentive to ride the train, if we increase fees. She does not necessarily think we should raise fees at the commuter rail station. She suggests looking at establishing operating the lot as an enterprise fund. She is in favor of examining fees to better balance that they pay for the operations they are supporting. Terra noted that she didn't want to use local resources to solve regional problems.

Paulina pointed out after we had seen the TAC presentation regarding parking lot changes that this issue requires a lot more discussion when you get into the details. Paulina believes that Terra's definition of 'all' costs is broader than the other members of the board support. Terra noted later that she believes that this is correct. And that's why it's worth studying what "all costs" means. What costs we want to/can recover via fees is a very important discussion that requires the formation of some examples of policy

choices that will help the Board understand what the options might be at the policy level. Increasing fees to cover costs is on Terra's top 5.

25 - Increase fees regularly

There seems to be "general agreement" that this is a good thing. Terra and Mike spoke to the importance of allowing businesses and others to be able to predict when and how much fees would increase. Mike noted that some of the fees that were increased last time were significant increases and that was hard for businesses. Terra wants to distinguish between "discretionary" fees, such as recreation and/or business fees, versus fees that are "basic" services. Terra pointed out that "our" costs increase regularly, so why not have fees increase regularly, too. Most spoke to the importance of covering "all" costs. Increasing fees to cover costs is on Terra's top 5. She is in favor of examining fees to better balance that they pay for the operations they are supporting.

Discussion included talk about "overhead" and how to calculate it so that "all" costs are considered, including indirect contributions to facilities and maintenance costs. Paulina said she thought that some enterprise funds already "pay" a "transfer fee" back to the Town for "overhead". Nursing was brought up as an example. But Steve L said that he thought that the Nursing Enterprise Fund operated at a loss last year and had to be funded out of the General Fund. Paulina noted afterwards that she believes that, there is support for regular increases of fees, but that the definition of "all costs" probably differs.

Terra noted afterwards that she believes that the definition is a critical policy question which requires more thought and possibly analysis to determine what cost can be included. Paulina agrees that this is definitely something that would be valuable for the task force to investigate. What fees are assessed for various services, how do they compare with how other towns do that and what costs do they cover?

See also, Comment for #27, 28, and 34 for more comments on "full cost" fees.

27 - Combine Rec/Comm Ed

&

28 - Town/School Backoffice Consolidation

There seemed to be a lot of interest in combining Rec/Comm Ed, but Paulina expressed concern about how to handle "community events" that are "free" to the public, such as 4th of July. There seems to be a lot of support for this concern, that we should keep "enough" community events "free". The concern is that if the two departments are combined that the cost structure would interfere with the ability to keep "some" events free. That Rec Dept staff currently spends a lot of time gathering donations to pay for these "free" events. Terra suggested that maybe part of the donation could go back to the Town for expenses for these events. Paulina pointed out afterwards that most of the donations to the town for these events are 'in kind', not "cash". She does not believe it is

reasonable to ask the businesses in town to fund events in addition to the generous donations they make to contribute materials, etc, for these events.

Mike pointed out that whether the "organizations" got combined or not, that there could still be economies in physical items and "back office coverage", noting that the school may have more space than Town Hall, and that they may be able to cover the phones for each other. He also talked to the possible value of combining "fulfillment" and finance functions that may be able to be accomplished without reducing services.

Several people noted the opportunities to save on brochure development, mailing, and other fulfillment tasks. The conversation about combining Rec/Comm Ed led to a general conversation of consolidation of "all" backoffice functions, and the opportunity for potential savings in space, materials, etc. That led to a conversation about fulfillment and that consolidation might actually be an "increase" in services, because it could allow "one-stop" shopping for the "customer", including bill paying, calendars, signup processes, etc.

It was noted that some IT investment would be required for such consolidated fulfillment schemes. It was noted that this might be a good use for "reserves", using reserves for "one time" investment/expenditures with a payback expected.

Afterwards, Paulina clarified the draft summary above because of what she believes is an important distinction. She doesn't think we should talk about "combining rec / community ed" because the FinCom specifically stated that the savings comes from eliminating the people in the Rec Dept who are paid for out of the general fund. She thinks we should combine the Rec/Community Ed catalog and order fulfillment processes. The Rec Dept folk are responsible for all of the organizing of most community events. She does not believe that Acton residents want us to start charging fees for things like the 4th of July. She believes that it is not reasonable to think that the people who purchase NARA swimming permits should be paying for people who are organizing the 4th of July. On the other hand, the swimming fees should cover the portion of the rec dept budget that is involved in organizing and running the pond, of course. Paulina's proposal for the task force is that we investigate the combining of the catalog and order fulfillment from the catalog. The funds for things that occur on school property should go to Community Ed, the funds for things that occur on town property should go to the town. The funds for things that occur on neither, should be split. This would eliminate some costs and a lot of confusion for the public. It's not clear how much money that approach would save which it might be important for the task force should look at it.

Either way, it seems that there is strong support for increasing the fees for rec dept programs to cover the costs for those programs. Terra noted afterwards that costing costs is in her top 5. But Paulina does not believe it is reasonable to expect the fees to cover all of the costs of the rec dept personnel since much of their time is spent on organizing events that are 'no fee' events.

Terra notes afterwards that even if we choose "not to recover" some of these costs, it still may be worth studying what the costs are for these "other" events, even as a high level estimate. That way, we at least know what the costs are. The costs for 4th of July, for example, includes a lot more than just a few hours of planning from the folks in Rec. It includes police patrols, grounds keepers, etc. What if that one event costs the Town \$200,000? Does that make a difference to us in terms of setting policy? What if it costs \$300,000? Does that change our minds? Making policy is very difficult without cost information. Terra is not suggesting "eliminating" anything. She is suggesting knowing how much we're spending on things. Enterprise Fund methods of cost accounting could help with our ability to see these costs.

29 - Regionalization

There seemed to be "general agreement" that this should be investigated, with discussion focusing on potential economies that may be achieved with Boxborough, but it was noted by Steve L that Boxborough was close to hiring a Police Chief. Terra asked when our Police Chief was planning on retiring and wondered that at that time maybe we could share a Police Chief and/or Assistant Chief.

32 - Close Town Hall one day/half day

Peter said that there are many Towns that he works with that are doing this. More than one person suggested that evening hours would be an "increase" in service. More than one person suggested that a 4-day work-week might be considered a benefit to employees. Peter expressed concern about the estimate of the potential savings, that it seemed very high, if there's only a shift in hours, rather than decreasing hours. Steve L confirmed that the number seemed off-base, that it couldn't be that high. Paulina noted afterwards that this seems a change in service - not a cut in costs. She believes that it may be worth thinking about this but that it may not really be in the scope of this task force which is focused on cost savings.

34 - Shift to enterprise funds: Paulina, Terra, Lauren (linked to 24)

There was "general agreement" that we should shift as many functions as we can to "enterprise funds", with a focus on making them as "self-sufficient" as possible. There was discussion about how/if to require a "transfer" payment back to the Town for overhead cost. See #25, 27, 28 for more comments on the topic of "full cost" fees. Increasing fees to cover costs is on Terra's top 5.

36 - Employee Day/NARA: Peter

Peter said that it seemed obvious that if we can save money by having it at NARA that we should. It was noted that there was no employee day this year. Terra said that we should do "something" for employees, and that we should figure out how to have at least a barbecue or something.

38 - Reduce print mail: Peter, Lauren, Paulina, Terra, Mike

There was general agreement that we should look into this for more reasons than just cost. It would be a green thing to do. There was concern that any reduction in mailing via email be "opt-in" only, so that people without computers can still get paper copy. There was concern expressed over the legality requirements of mailing certain town documents such as the warrant and tax bills. There is general agreement that this is worth studying to determine if the degree of savings is worthwhile. The COA recently converted to a system where people could opt-in to an email version of the COA bulletin. This has been successful. They have also started work on this type of thing.

39 - Hold elections in one location

Peter said that this was not worth the savings. There appeared to be general agreement.